



# Bond Cap Allocation Program

*Providing financing options for projects that significantly benefit the people of Washington*

## Program Overview

The Bond Cap Allocation Program (BCAP) provides opportunities for lower-cost financing by authorizing the issuance of tax-exempt private activity bonds for projects or programs that have a substantial amount of private involvement (and thus generally do not qualify for tax-exempt status) yet provide significant benefits to the public. The program provides legally required oversight to ensure that the state complies with federal tax laws on the issuance of tax-exempt private activity bonds. It also monitors that the state does not exceed its ceiling on the amount of tax-exempt private activity bonds issued each year.

By authorizing the issuance of tax-exempt private activity bonds, BCAP enables less expensive financing and access to tax credits for low- and moderate-income housing projects, access to mortgage assistance for first-time home buyers, less expensive loans for Washington students, and job retention and creation through industrial development and infrastructure.

## Types of Projects

- Small manufacturing
- Low-and moderate-income housing
- Energy production
- Water and sewage treatment facilities
- Student loans
- Docks and wharves
- Solid waste disposal facilities

## How it works

- A private or government entity submits a request for bond financing to a bond issuing authority.
- The issuing authority assesses the financing options. If the project qualifies for tax-exempt private activity bonds, they submit an application to BCAP to issue bonds against the State Cap. Generally the issuer will only submit the request once all other financing is in place, the project is at an advanced stage of readiness, and they are confident to close on the bonds.
- BCAP reviews the application and, if approved, awards a Certificate of Allocation to the issuing authority. The Certificate allows the issuing authority to issue tax-exempt bonds for the project. The bonds must be issued by the deadline stated in the certificate (generally no later than December 15 of the same year.)

## Results and Achievements

From January through December 2004 BCAP:

- allocated more than \$331.4 million to low- and moderate-income housing projects, providing an estimated 4,744 affordable housing units.
- allocated more than \$3.2 million to small issue manufacturing projects, creating or retaining an estimated 51 jobs.

## Fast Facts

*To qualify, a project must fall within an eligible category established by the U.S. Congress and demonstrate significant public benefit*

*Direct clients are Bond Issuing Authorities issuing bonds for projects involving more than 10% in private participation*

*In 2005, Washington State's Bond Cap is equal to \$80 per capita, or more than \$496 million*

*Since 1987, BCAP has approved more than \$5.4 billion in tax-exempt bond authority*

## For More Information:

Liz Green-Taylor  
Program Manager  
360.725.5021  
[elizabetht@cted.wa.gov](mailto:elizabetht@cted.wa.gov)